



MILLENNIUM CHALLENGE CORPORATION

[MCC FR 22-09]

Notice of Entering into a Compact with the Democratic Republic of Timor-Leste

AGENCY: Millennium Challenge Corporation.

ACTION: Notice.

SUMMARY: In accordance with the provisions of the Millennium Challenge Act of 2003, as amended, the Millennium Challenge Corporation (MCC) is publishing a summary of the Millennium Challenge Compact (Compact) between the United States of America, acting through MCC, and the Democratic Republic of Timor-Leste (Timor-Leste). Representatives of MCC and Timor-Leste signed the Compact on July 19, 2022. The complete text of the Compact has been posted at: <https://assets.mcc.gov/content/uploads/compact-timor-leste.pdf>

(Authority: 22 U.S.C. 7709 (b)(3))

Dated: July 21, 2022.

Thomas G. Hohenthanner,
Acting VP/General Counsel and Corporate Secretary.

SUMMARY OF TIMOR-LESTE COMPACT

Overview of the MCC Timor-Leste Compact

MCC's five-year Compact with the Democratic Republic of Timor-Leste in the amount of \$420 million aims to reduce poverty through economic growth. The Compact seeks to assist Timor-Leste in addressing the human capital constraint to economic growth through two primary projects: the Water, Sanitation, and Drainage ("WSD") Project and the Teaching and Leading the Next generation of Timorese ("TALENT") Project.

Project Summaries

The projects and activities to be completed are:

1. **Water, Sanitation, and Drainage Project**

The primary objective of the WSD Project is to reduce fecal pathogens in piped and stored drinking water and groundwater. The project aims to mitigate exposure to sanitary waste and pathogens in water, households, and the environment through investments in infrastructure, policy and institutional reform, and social and behavior change. The project will focus its interventions in the capital city of Dili and four nearby municipalities (Aileu, Ermera, Liquica, and Manatuto). Specifically, the WSD Project will support the following activities:

- ***Activity 1: Water Disinfection.*** This activity will supply disinfected water to Dili and the four municipalities of Timor-Leste through the design and construction of an onsite sodium hypochlorite generation plant.
- ***Activity 2: Sanitation.*** This activity includes the design and construction of a new wastewater treatment plant, an ocean outfall, wastewater collection systems, and wastewater connections to households and businesses.
- ***Activity 3: Associated Drainage.*** This activity supports the implementation of the sanitary sewer system described in the Sanitation Activity through the construction of in-street drainage infrastructure in areas where conflicts with sewer lines would otherwise occur.

- **Activity 4: Institutional Reform.** To ensure long-term sustainability of the WSD Project's infrastructure investments, this activity will support the capacity building and institutional development of Timor-Leste's independent public water utility with a focus on strengthening asset management expertise and operations and maintenance capacity. The activity will further promote sustainability through targeted assistance to Timor-Leste's independent water regulator to develop and implement regulations and public awareness around sanitation and disinfection.
- **Activity 5: Household Water and Hygiene.** This social and behavior change activity includes interventions to increase household and community awareness of the benefits of, and support for, the construction and maintenance of household sanitation units as well as the adoption and maintenance of key behaviors to secure sustained community buy-in for household sanitation infrastructure

2. **Teaching and Leading the Next generation of Timorese Project**

The primary objective of the TALENT Project is to improve student learning outcomes. To achieve this objective, the project will invest in teacher and school leader education and training, which are critical to improving student learning. The project will establish the Center of Excellence and improve the pedagogical and leadership skills of existing and future secondary school teachers and leaders through the development and deployment of targeted trainings. Future teachers and a subset of existing teachers will receive professional certification through the Center of Excellence during the life of the Compact. Ultimately, it is expected that all secondary teachers will be required to have Center of Excellence certification in order to be eligible for employment in a government secondary school in Timor-Leste. The project will employ a gender-responsive approach in all activities and place a concerted focus on increasing the number of women as teachers and school leaders in secondary schools through a dedicated sub-activity. Specifically, the TALENT Project will support the following activities:

- **Activity 1: Center of Excellence.** This activity will establish a new autonomous institution in Timor-Leste to provide professional training and certification to future secondary teachers entering the workforce, as well as training and certification of a portion of current secondary teachers.
- **Activity 2: Teacher Training.** This activity involves the development of curriculum, materials, and faculty to train current and future teachers to improve their pedagogical skills that lead to improvements in numeracy, literacy, and soft skills. It also includes the professional certification of all newly trained secondary teachers and a subset of current teachers.
- **Activity 3: School Leadership Training.** This activity will support the training of school leaders to create effective schools through strong school leadership, both in school management and in terms of instructional leadership. It includes the development of curriculum and training materials and the delivery of trainings to current and future school leaders. Training will focus on competencies in school leadership, including gender and social inclusion and information communications technology in education.
- **Activity 4: Ensuring Excellence.** This activity ensures accessibility and quality of all activities carried out under the Center of Excellence. It includes support for quality assurance and monitoring, information and communication technology, and language needs, as well as a specific sub-activity focused on increasing the number of women in teaching and leadership positions in secondary schools.

Compact Budget

The Compact budget is up to \$484,000,000, which includes up to \$420,000,000 funded by MCC and a contribution from Timor-Leste of \$64,000,000.

Table 1: Timor-Leste Compact Budget

Project/Activity	Budget (US\$)
Water, Sanitation, and Drainage Project	308,205,050
Activity 1: Water Disinfection	8,270,509

Activity 2: Sanitation	278,846,498
Activity 3: Associated Drainage	8,938,044
Activity 4: Institutional Reform	6,950,000
Activity 5: Household Water and Hygiene	5,200,000
Teaching and Leading the Next generation of Timorese Project	40,190,538
Activity 1: Center of Excellence	14,599,454
Activity 2: Teacher Training	14,664,142
Activity 3: School Leadership Training	5,039,535
Activity 4: Ensuring Excellence	5,887,407
Monitoring and Evaluation	6,800,000
Program Administration	64,804,412
Total MCC Funding	420,000,000
Total Government Contribution	64,000,000
Total Program	484,000,000

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